

**PROPOSED METHODOLOGY FOR
OFFER TO QUALIFIED RAPID SHAREHOLDERS:**

For Discussion & Settlement Purposes Only

The proposed methodology is as follows:

- 1) Qualified RAPID shareholders will receive an increase in allocated equity within ARISE. As such, qualified RAPID shareholders will initially be allocated 100% of ARISE in aggregate, which includes previously authorized and vested management equity of 10%.
- 2) Because of ongoing claims and conflicts, certain shareholders will not be considered qualified, and as such will be offered a reduce equivalent shareholding in ARISE as follows:
 - a. PnR Holdings, LLC, Michael Ruff's holding company **WILL FORFEIT 13%** of the ARISE shareholding it would otherwise be offered. These shares will be distributed amongst all shareholders, other than Gardner Holding AG (Michael Laznicka) and the Venus Corporation (Gaytri Kachroo). As such, most shareholders will receive a windfall of 13% overall.
 - b. Given the request of the asset holders, it has further been suggested that 5% of Michael Ruff's allocation of ARISE equity be held as non-voting shares and 5% be held by the late Candace Pert's children as voting shares;
 - c. Gardner Holding AG, will be offered an equivalent shareholding in ARISE. However, Gardner Holding AG will **NOT** receive any part of the 13% allocation from Michael Ruff. Given the request of the asset holders, we would suggest that such equity be held as non-voting shares.
 - d. Gaytri Kachroo (Venus Corporation) **WILL FORFEIT 6%** management equity which was vested under RAPID's management equity plan and will **NOT** receive any further equity in respect of her management and / or board role as applicable. This allocation will be provided to help fund the new management equity plan. Additionally, Gaytri Kachroo will **NOT** be offered any part of the 13% allocation from Michael Ruff. After distribution of the 13% allocated to PnR Holdings, and dilutions as a result of the management and asset equity, Gaytri Kachroo (Venus Corporation) will hold 16.139% of ARISE. N.B.: Gaytri Kachroo and KLS have

advanced loans and cash amounts of approximately \$500,000 USD on behalf of RAPID to date.

- e. Gaytri Kachroo will waive approximately 45% of the salary owed to her for her services as CEO and Chairman of the Board and will capitalize more than a quarter of the remaining salary amount. **Cash payout would amount to a salary of approximately \$150,000 USD per year for all services rendered.**
 - f. Kachroo Legal Services will waive approximately one third of the invoiced fees owed to it for legal services over the last three years and will capitalize approximately 30% of the remaining fees owed. **Cash payout would amount to only \$100,000 USD per year for all legal services rendered.**
 - g. ARISE shares will have a nominal purchase price between \$1,000 and \$5,000 based on the extent of shareholding.
- 3) A further 10% equity will be allocated for a management and board equity plan (leading to a total of 20% equity available) which will be non-dilutive.
 - 4) 10% equity will be allocated to the transfer and cleanup of intellectual property rights, which will be non-dilutive.

SUMMARY

- I. **UNDER THIS PROPOSAL, ALL FORMER RAPID SHAREHOLDERS' EQUITY IN ARISE WILL INCREASE** (other than Gaytri Kachroo, Michael Ruff and Michael Laznicka).
- II. Prior to new investment, **FORMER RAPID SHAREHOLDERS WILL THUS BE OFFERED AN AGGREGATE OF 80% OF ARISE.** In addition, all shareholders (other than Gaytri Kachroo, Michael Laznicka and Michael Ruff) will share in the distribution of 13%.
- III. Any shareholder with equity below 2% will be offered non-voting shares, which automatically convert to voting shares upon:
 - a. An initial public offering; or
 - b. Merger, sale or substantial divestment of company assets;
- IV. All shareholding will be subject to drag along / tag along rights, as previously discussed within RAPID, to be finalized in ARISE.

ACTION REQUIRED:

To indicate your approval to this proposed plan, please complete and return your “*ARISE BioPharma, Inc. Acceptance Form*”, attached to the notice emailed on June 29, 2015 entitled ‘Notice to Qualified RAPID Shareholders’.

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ACCEPTANCE FORM

1. I am a bona fide shareholder of RAPID, and have not written off my investment in any tax document. I do not otherwise anticipate payment of my shareholder losses via loan or any other debt instrument in another company.

Signed: _____

Date: _____

2. I wish to receiving shares in ARISE BioPharma, Inc. in accordance with the formula stated in the proposed methodology dated July 3, 2015.

Signed: _____

Date: _____